



Nobel Laureate Prof Muhammad Yunus and Prof Les Field, vice-president and deputy vice-chancellor of University of New South Wales, sign a memorandum of understanding to set up Yunus Social Business Centre at the university on Friday.

## Australian university to open social business centre

STAR BUSINESS REPORT

THE University of New South Wales in Australia has announced it would open a Yunus Social Business Centre to promote the concept and its practice as a way to tackle social problems. The announcement came during Nobel Laureate Muhammad Yunus' visit to the university in Sydney last week.

A memorandum of understanding was signed between Prof Yunus and Prof Les Field, vice president and deputy vice-chancellor of the university, to this effect.

Yunus visited Australia between October 8 and October 11, Yunus Centre in Dhaka said in a statement yesterday.

He was invited as the chief guest to the 10th annual conference of the

Bangladeshi Architects in Australia. The theme of the conference was to find more socially responsible roles for architects.

Senator Concetta Fierravanti-Wells, parliamentary secretary to the social services ministry, spoke among others at the conference held at Sydney Opera House on October 9.

Reading out a message from Australian Prime Minister Tony Abbott, Fierravanti-Wells welcomed the famed Bangladeshi anti-poverty activist to Australia and thanked him for his initiatives in eradicating poverty worldwide.

The organisers also hosted a dinner in Canberra which was attended by Australian parliamentarians, ministers, diplomats, academics and professionals from the Bangladeshi community.

On October 10, the founder of

Grameen Bank spoke at a corporate luncheon hosted by Grameen Australia and Asialink, a think-tank of Melbourne University. The event was attended by 400 guests representing major banks, philanthropists, community groups, foreign affairs officials and university students.

Yunus pointed out that unemployment is a plague that is eating away at the youth. "With no fault of their own, the system, owing to its inconsistencies, is barring them from utilising their entrepreneurial potential."

On October 11, Yunus delivered a public lecture at Monash University at Melbourne.

Monash Chancellor Alan Simon Finkel elaborated on the university's plans to introduce social business courses and seminars.

## Gemba walk: a tool for getting connected with all employees

SAZZADUL HASSAN

IN today's world, business is growing rapidly; corporates are becoming mammoth in terms of number of employees. It is at times getting somewhat difficult for senior leaders of large corporate houses to stay connected with their employees. Over the years management gurus are striving to find effective ways and means to get connected with employees. One such technique being practised by the Japanese for many years is popularly known as "gemba walk".

Gemba is a Japanese word meaning "the real place", a place where work is actually done or value is created. The gemba walk is an age-old management technique to stay connected with the team. Although debated, in modern management term it is also known as MBWA (management by walking around or wandering around). To get connected, managers are expected to walk around, talk to their teammates on a continuous basis, work alongside them, ask questions, and be there to help when needed.

David Packard, the co-founder of Hewlett Packard (HP), is known for widely practising this approach in their company. At HP, the executives were encouraged to be out of their offices working on building relationships, motivating, and keeping direct touch with the activities of the company. The practice of MBWA at all levels of the company reflects a commitment to keep up-to-date with individuals and activities through impromptu discussions, "coffee talks", communication lunches.

The concept got popular in 1980s when the famous management guru, Tom Peters, included the learnings from HP and other companies in his widely successful book "In Search of Excellence" published in 1982. Since then successful companies have been using this technique. Michael Dell, the founder of Dell Computers, once outlined the importance of MBWA in

this manner -- "You can't possibly make the best or quickest decisions without data. Information is the key to any competitive advantage. But data doesn't just drop by your office to pay you a visit. You've got to go out and gather it. I do it by roaming around." He further said, "Don't want my interactions planned; I want anecdotal feedback. I want to hear spontaneous remarks.

*Morality of staff members definitely goes up as they feel better about their jobs and organisation when they have opportunities to be heard. As a result, productivity also goes up*

I want to come upon someone who's teaching an elderly woman how to turn her system on for the first time. I want to happen upon someone who is stumped by a customer's question -- and help answer it if I can. I want to experience this, because this is what our employees' days are made of, and it arms me with relevant information to make the best decision on behalf of our customers and our people."

There are certainly enormous benefits of this practice. The most important benefit probably is, to have better understanding of the functions and processes around. The approachability between management and employees certainly increases. When staff members treat their leaders as a person not as a "boss", they will more likely to tell

the fact which will help management to learn about the issues before they become problems.

Trust among employees also gets better as people get to know each other better through regular interactions. In turn, people will be inclined to share more information and eventually communication barriers are broken down. Morality of staff members definitely goes up as they feel better about their jobs and organisation when they have opportunities to be heard. As a result, productivity also goes up. Many innovative ideas often do come up from casual exchanges.

The concept of gemba walk might get derailed if it is not applied with a proper intent and objectives behind. To get the best out of this, it takes more than simply strolling through the office, warehouse, or production facility. Senior leaders must remember it is not just a "walk in the park"; they have to be absolutely genuine in their efforts to understand their staff, what they do, and what the leaders can do to make staff work more effectively.

When someone treats gemba walk just as an obligation, this probably will not work very well. Managers have to sincerely want to get to know employees and operations, and they have to commit to following up concerns and seeking continuous improvement.

Experts have some opinions and suggestions on how to apply this technique more effectively:

- \* Be candid in your approach while talking to your colleagues. Avoid formal ways of conversation as it results in rigid responses most of the time.

- \* Listen passionately. People tend to be more interested in talking and sharing when they see leaders are paying due attention.

- \* Instead of sharing your ideas, ask people to come up with their views and thoughts. People need to realise - ideas are sought in order to make things better for them.

READ MORE ON B3

## Modi seeks to revive 'zombie' factories

REUTERS, Kanpur

AT British India Corporation's textile factory in Kanpur, four men sit in a control room watching computerised gauges eight hours a day. When they are done, another group takes over, and then another, for 24 hours a day -- much as they might at any major industrial plant.

The problem is, nothing is produced there.

The strange tale of British India Corporation is an example of how political patronage and India's strict labour laws keep publicly owned companies going long after they are insolvent.

Now Prime Minister Narendra Modi, who campaigned in this year's general election on a promise of "minimum government, maximum governance", is preparing to invest more taxpayer money in ailing state-owned factories in a bid to turn them around.

While the government has announced the closure of six publicly owned companies, Minister for Heavy Industries and Public Enterprises Anand Geete said last month that about two-thirds of 64 loss-making firms can be revived with more money.

The government has set up a committee to examine ways sick public companies can be resuscitated, including using cash reserves from profit-earning state firms to provide lifelines to the loss-making ones, according to officials in New Delhi.

The committee will report its findings in two months.

The moves have disappointed those who want Modi to force through economic reforms, however painful. He might reply that past success in reviving "zombie" enterprises as chief minister of Gujarat state gives him the right to try on a national level.

"I am shocked they are considering putting more money in," said Mohan Guruswamy, chairman of the Centre for Policy Alternatives and a former official in the finance ministry.

"The litmus test of whether Modi is a reformer is what he does with these companies, not what he does on allowing more foreign investment. Unfortunately, it looks like he will avoid taking unpopular decisions."

Since winning India's first parliamentary majority in three decades in May, Modi has not been as ambitious as his supporters would like in introducing policies many say are needed to revive an

economy growing at its slowest rate in nearly a decade.

So far, there has been little movement to roll back the previous government's subsidy programmes or repeal a law allowing retroactive taxation that has alarmed global investors.

In theory, British India Corporation sells army uniforms, rugs, blankets and tweed jackets, but it stopped manufacturing nine years ago after finishing its last order. Since then, the company, based in the gritty northern city of Kanpur, has lost about \$50 million.

British India Corporation employs about 1,800 people. All the employees come to work, everyone gets paid, earns a bonus, there are overtime shifts, promotions and job changes.



Narendra Modi

There are bungalows for the managers, flats for workers, a hospital, schools and a subsidised shop. The gardeners, engineers and painters keep the grass trimmed, the machines in working order, and signs freshly painted.

"This could easily be the worst-run company in India, maybe the world," said Satyendra Nath, 58, head of the tax department, who spends his days reading the newspaper or watching television because there is no work to do. "Often, I think: what have I done in a previous life to end up working here?"

India put key industries in the hands of state-run monopolies in the years after independence in 1947, borrowing from Soviet thinking that late-industrialising countries needed to use state intervention to transform their economies.



From left, Sean Hagan, general counsel and director of the IMF's legal department; Bank of England Governor Mark Carney; IMF Managing Director Christine Lagarde; Archbishop of Canterbury Justin Welby; Chair of Global Investments Kok-Song Ng; and Philipp Hildebrand, vice-chair of BlackRock Inc, discuss ethics and finance at the 2014 IMF-World Bank Annual Meetings at George Washington University's Jack Morton Auditorium in Washington on Sunday.

## Euro's demise exaggerated, old lessons show

REUTERS, London

CURRENCY watchers have decreed that the euro will fall sharply against the dollar as Europe and the United States' monetary policies diverge, but history suggests the euro's drop may not be quite so smooth or rapid.

Frankfurt has started to pump cheap money into the euro zone to try to get banks lending again, boost a stubbornly unwell economy and lift prices currently rising at their slowest in five years. Meanwhile as the US economy revives, Washington is preparing to halt its six-year stint of doing the same.

As a result the euro has fallen nearly 10 percent against the dollar since mid-May. Goldman Sachs predicts a further 20 percent fall to parity by the end of 2017, Deutsche is going for a 25 percent slide to \$0.95 and almost every other major financial institution expects further weakness to some degree.

However, patterns in capital flows and market positioning, along with likely opposition from the United States to a surging dollar and past intervention by emerging market countries, suggest, along with lessons from Japan's 20-year fight against deflation, that this euro-dollar play may not be so simple.

Right now, plenty agree with Goldman and Deutsche's assessments: On the Chicago Mercantile Exchange speculators amassed their biggest bets against the euro last month since July 2012. Several investment banks say their clients' positions are stretched.

Barry Eichengreen, professor of economics and political science at the University of California, Berkeley, believes that can only confirm a rethink is due.

"When everyone is lined up on one side of the foreign exchange market, that's a sure sign that the exchange rate is about to move the other way," he said.

"Deflation makes for a deceptively strong currency," explains Eichengreen. "Just as inflation and depreciation go together, deflation and appreciation go together. The parallels with Japan are direct."

After Japan's property and stock bubbles burst in the late 1980s, it embarked on a long battle to ward off deflation, rebuild a banking sector crushed by bad debts and revive growth.

That involved Japan's central bank expanding its balance sheet on an unprecedented scale to flood the financial system with cash - while the world's second largest economy ran a huge current account surplus, boasted a healthy domestic savings rate and a rapidly ageing population.

All these conditions broadly apply to the euro zone today.

Yet the yen did not weaken during Japan's two "lost" decades, at least not nominally. It strengthened by as much as 90 percent against the dollar by the end of 2011 and today it is still up 35 percent against the dollar since 1990.

Deutsche dismisses those comparisons.

Back then, it points out, Japan's central bank wasn't easing as aggressively as the ECB is now, so liquidity was tighter and real yields were higher. And domestic investors were not deterred by Japan's huge debt: They own more than 90 percent of the Japanese Government Bond market.

However in Europe, Deutsche expects rock bottom investment returns and an annual current account surplus of around 400 billion euros to drive capital out.

The dollar has risen sharply in recent months, as the Fed prepared to end its bond-buying programme this month and the euro zone continued to flirt with a triple-dip recession.

But while the ECB is hoping a drop in the euro could hand it a useful antidote to disinflation and make its goods competitive in export markets, US officials are starting to worry the rising exchange rate could hurt their economy and cause longer-term

inflation expectations to move slightly lower.

The minutes of the Federal Reserve's last policy meeting showed some policymakers were concerned -- striking, because exchange rate policy belongs to the Treasury, not the Fed.

"I would imagine at some point the US authorities would stop the dollar from rising. They have already showed some discomfort," said Jim O'Neill, former chairman of Goldman Sachs Asset Management and a 30-year veteran currency market watcher.

"So while people might hate the euro, they need to remember it is a currency pair, one side of which has nothing to do with Europe. I can't see the euro much below \$1.15 without a much bigger US inflation threat," he said.

Economists at Barclays estimate that a 10 percent rise in the dollar's trade-weighted value leads to a 0.4 percentage point fall in the PCE measure of inflation and a similar fall in real growth over the subsequent 12 months.

Other countries' authorities are also likely to object to a rising dollar and won't be afraid to act.

Emerging market countries including China, Russia, India, Saudi Arabia and other Middle East oil exporters actively manage their exchange rates against the dollar to varying degrees.